

1 sleeping bag and enough food for his stay on the island.
2 People of Little Diomed Island live primarily a subsistence
3 lifestyle, fishing and hunting. The weather is fierce.
4 Nonetheless, this community has digital, single line service
5 and over half of its access lines are business lines. The
6 community has modems, faxes and touchtone service. TelAlaska
7 understands the critical role of telecommunications and
8 economic development.

9 Interior Telephone's largest service area is Unalaska.
10 It is an island in the Aleutian chain which is only accessible
11 by plane or boat. Unalaska is the largest sea port in the
12 United States for volume and value of seafood landed. Thus,
13 not surprisingly over half of Unalaska's 2,156 access lines are
14 business lines. Unalaska's fishing industry would not have
15 developed to this level if Interior Telephone Company had not
16 responded to Unalaska's telecommunications need and provided a
17 network for the advanced telecommunication services.

18 Universal service funds are distributed to qualified
19 rural telephone companies and used to offset the cost of
20 providing modern telecommunication service in high cost rural
21 areas of the United States. The Federal Telecommunication Act
22 of 1996 provides for subsidies that are specific, predictable,
23 and sufficient so that consumers in rural, insular and high
24 cost areas have access to telecommunications and information
25 services that are reasonably comparable to those services in

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810 N STREET
277-0572/Fax 274-8982

1007 WEST THIRD AVENUE
272-7515

1 urban areas and that are available at rates that are reasonably
2 comparable to rates charged for similar services in urban
3 areas. This is vitally important in rural Alaska.

4 The actual cost to provide service, this is explicit,
5 unseparated costs, is -- for interior service areas is \$150 per
6 month per access line and \$156 per month for Mukluk's areas.
7 The residential customers pay 19.85 and 15.20 per month
8 respectively. However, because of limited calling scope and
9 the lack of services available locally they make an average of
10 \$60 per month in toll calls. None of these people could afford
11 to pay over \$200 a month for telephone service.

12 Competition does not lower cost. Competition moves
13 price towards cost. Competition does not make costs disappear.
14 Revenues lost to competition need to be -- needed to cover
15 fixed costs can only be made up by raising the price for the
16 consumers left on the existing system. The Alaska Telephone
17 Association is recognized as a national leader in championing
18 the rights of rural consumers in high costs -- consumers to
19 high quality telecommunication services. The Alaska Telephone
20 Association assisted the Alaska Public Utilities Commission and
21 its staff in developing a state telecommunications
22 modernization plan which was the first STMP in the nation to be
23 approved.

24 I participated in that discussion. I continue to
25 participate in the policy debates at national levels and at the

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 state level to ensure that rate payers in high cost rural areas
2 receive modern and affordable local exchange telecommunication
3 services. My major concern is for our customers, who may have
4 to pay as much as \$200 a month for service, unless universal
5 service fund is maintained.

6 If I could make one key point it would be that the
7 problem of delivering telecommunication services to rural areas
8 lies with the inability of the long distance carriers to
9 provide local exchange companies with broadband services, T-1
10 and framed relay services in all of the communities of the
11 state of Alaska at reasonable and affordable rates. An
12 advanced network, telemedicine, internet and distance learning
13 services cannot progress without these broadband services. I
14 hope that the APUC and the FCC will do everything within their
15 power to ensure that people of the communities we serve will be
16 able to enjoy the network we have all worked so hard to build.

17 MR. MAY: Thank you, Mr. Rhyner. Commissioner Chong.

18 MS. CHONG: In Washington our goal on universal service
19 is to try to get as close as we can to 100 percent telephone
20 penetration. It seems to me some of what I've heard on the
21 panel today is that there are some cultural forces or factors
22 that contribute to lower subscribership in the bush. I'm
23 wondering if there are ways that we can help attack that
24 problem, if you had any thoughts on that?

25 MR. RHYNER: Well, it's cultural and it's by location.

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1007 WEST THIRD AVENUE
272-7515

1 We find that in the fishing communities or where there's any
2 industry our penetration is considerably higher. Our
3 penetration levels range from a low of about 48 percent to a
4 high of 100.4 percent, which I would take too long to explain,
5 but it's over 100 percent.

6 MS. CHONG: If you can achieve 104, that's pretty darn
7 good.

8 MR. RHYNER: Yeah.

9 MS. CHONG: Now, you're talking about a lack of
10 broadband facilities. What policies do you think the joint
11 board of the Commission could put into place that would help
12 promote more broadband availability?

13 MR. RHYNER: I think quality of service standards that
14 you were asking about before. I think standards for the
15 availability of certain amounts of band width, setting those
16 kind of standards.

17 MS. CHONG: Do you think we should establish a broader
18 core service definition than voice grade, touchtone, single
19 party service, access to emergency and operator services? It
20 seems to be you're suggesting yes?

21 MR. RHYNER: Yes, I do.

22 MS. CHONG: And do you.....

23 MR. RHYNER: I believe -- as Mr. Conn referred to and I
24 believe Mr. Boucher will, I believe that those communities out
25 there need access to internet services and stuff to be part of

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1007 WEST THIRD AVENUE
272-7515

1 the national and global community. And it is extremely
2 expensive to travel back and forth between the urban and rural
3 communities.

4 MS. CHONG: Have you had requests from educational or
5 health care organizations for advanced broadband service that
6 you could not service because you could not get this broadband
7 infrastructure?

8 MR. RHYNER: Yes. Yes, we have ongoing.

9 MS. CHONG: Thank you.

10 MR. MAY: If I might, I'll move on to our next
11 panelist. Distinguished Alaskan, former Lieutenant Governor,
12 former legislator with an active involvement in
13 telecommunication issues, now President of Revolution and a
14 self-described opportunity maker, Red Boucher.

15 MR. BOUCHER: Commissioner, welcome. And I cruised
16 your home page last night so I'm going to direct myself to just
17 exactly what you had to say.

18 First of all, Alaska is unique. And may I suggest if
19 you have not included Alaska in your big picture, Alaska and
20 our sister state to the south, Hawaii, that you do so.
21 Because, indeed, we have done a lot in telecommunication and
22 many of it, I'm speaking from the user point of view has been
23 user driven. In fact, Mark Badger's here, I'll get to you
24 folks who have sent me E-Mail this morning because that's the
25 first thing I did when I woke up and I've been doing that for

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1007 WEST THIRD AVENUE
272-7515

1 19 years. The difference between today, I have 2200 megahertz
2 Mac and if I don't get it on that I get it wirelessly or
3 infrared on this. So computercating, a word I coined, the
4 connectivity of communication via digital methods has
5 revolutionized everything.

6 Let me, once again repeat, there is a golden
7 opportunity for FCC and this is why Ted Stevens had you here,
8 to take a look at what we're doing. Fourteen years ago we
9 established a network in rural Alaska. This is a story in
10 Softtalk that tells how that network was established. We used
11 -- the first Apple, I think they were the first 2,000 out of
12 the San Jose garage, we used a serial number 1,000 or less in
13 a baud modem, we put them out in the village and let them use
14 it at night. They exchanged information on basketball scores,
15 on caribou on the entire thing and nobody had to go out there
16 and apply a technological solution.

17 I've got sufficient copies for both the Commission and
18 for you. I'd like to have this entered in the record and the
19 thing to be said is not what I did, was the opportunity I
20 created for people who are the ancestors of the people who
21 crossed the Asian bridge who found this new world. There is a
22 tremendous amount of intuitive culture out there and, yes, we
23 should be tapping it.

24 In fact, on this Board, there is not a rural Alaskan.
25 I would suggest to Commissioner Cotten that you convene a panel

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 that consists of a broad cross section of rural Alaskans, get
2 their input. There are web sites out there -- Lance can put a
3 web site up, I'm committing you to that, Commissioner Chong,
4 you could come in and take a look at at each evening and see
5 what we're doing on it. I could go on and on and on.
6 Somebody's going to tell me tomorrow that they just invented
7 another gee whiz, it's a modem and Boucher, you can stick your
8 finger in it, hold your breath and it will transport you to
9 Washington, D.C. You know what I would say to that, next
10 question.

11 Technology can do the things and they have the people
12 here to do it. But there is also a lot of ingrained intuitive
13 brains in the state, you ought to tap into that. Then finally
14 one thing I'd say, on your first page, second paragraph,
15 Commissioner Chong, 36 is an advocate of simple, pragmatic
16 regulation. We need to take a look at our entire regulatory
17 system and see that it's ready for the wireless world. And
18 incidentally, I connected at almost 105 KB this morning via
19 wireless to my internet provider who piped me to the south 48.
20 Wireless is going to be a part of the -- a major part of the
21 answer and I think there is some unique applications in rural
22 Alaska. And I'm working with the local telephone company who
23 has a lot of imagination, ATU, in seeing what can be done for
24 wireless for that last mile or connect areas, both in America
25 and Alaska that might otherwise not be connected because of

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1007 WEST THIRD AVENUE
272-7515

1 economic reasons.

2 Thank you for the time. And I hope I didn't exceed my
3 10 minutes.

4 MR. MAY: Thank you, Mr. Boucher, you were becomingly
5 brief. Commissioner Chong.

6 MS. CHONG: Thank you. I strongly agree with you,
7 Mr. Boucher, that wireless is a very important answer in the
8 future. I have been a strong advocate of wireless systems that
9 the Commission, having been brought up in the wireless
10 industry, I used to represent cellular companies and paging
11 companies in my prior life as a communications lawyer in
12 California.

13 I wanted to ask you -- you gave me a nice segway for a
14 wireless question. What role do you think wireless could play
15 in bringing communications to the bush? It seems that in very
16 remote locations wireless might be able to bring communication
17 service to people out there in a more cost efficient manner.
18 Is it a viable alternative?

19 MR. BOUCHER: Yes. Spread spectrum technology which
20 I'm sure you are familiar with. One of the things I would
21 suggest and I suggested to Ted Stevens that maybe we pump that
22 power up just a little bit above one watt and call it the
23 Alaska Experiment. I think that wireless with wired definitely
24 offers a solution.

25 In other words, a company that's now doing a pilot test

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1007 WEST THIRD AVENUE
272-7515

ANCHORAGE, ALASKA 99501

1 program, in one afternoon communicated three points at a third
2 of the cost that hadn't been communicated with, so definitely
3 it is -- it's merging, it's coming on fast. Pretty soon the
4 people will be writing articles about it. But Ted Stevens has
5 an insight into that and obviously you do, it's a part of the
6 future.

7 MS. CHONG: I wanted to just mention on the wireless
8 point, that we have, in the spring, I believe it was, put out a
9 petition that we call the Apple Winform Petition.

10 MR. BOUCHER: I saw that.

11 MS. CHONG: It suggests that the Commission allocate
12 some spectrum, very high in the gigahertz area that we would
13 allow wireless devices to be produced on an unlicensed basis
14 for use in limited areas such as schools, campuses or libraries
15 so that people could communicate wirelessly exchanging data, E-
16 Mail or pulling down information and you would not have to be a
17 licensed user. We have put that out for comment, I encourage
18 anyone who's interested to file, even if it's late and you can
19 pull up information about it on the FCC home page, the key word
20 would be Apple Winform Petition.

21 MR. BOUCHER: Commissioner, may I comment on that? One
22 of the problems with the Apple Winform is it's in a relatively
23 narrow distance.

24 MS. CHONG: Yes, that's right.

25 MR. BOUCHER: I mean less than a mile or so, building

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 to building. I think if you see some of -- if we had a server
2 here put up an antenna, you can send wireless information in to
3 any schools, but you need greater distance than that proposes.

4 MS. CHONG: I understand that is a concern. One reason
5 we had to put a fairly limited distance on that particular one
6 is that there was some dangers of interference with some
7 satellite existing uses. However, we are sensitive to it and
8 if there's a technological way we could get around it or a
9 different place to put it in the spectrum, we are open to
10 suggestions.

11 MR. BOUCHER: Yeah, I think there is.

12 MS. CHONG: Thank you. I think we need to move on
13 Mr. May.

14 MR. MAY: Thank you, Commissioner Chong. Our final
15 panelist is John Lindback, Chief of Staff for Lieutenant
16 Governor Fran Ulmer. Lieutenant Governor Ulmer chaired the
17 committee that wrote the Alaska 2001 Task Force Report which
18 was the assessment of the Alaska telephone industry released
19 earlier this year. Mr. Lindback.

20 MR. LINDBACK: Thank you very much. First I'd like to
21 thank the Public Utilities Commission for inviting us to be
22 here today. I'd like to not thank the Public Utilities
23 Commission for having me follow Red Boucher. But anyway, I'll
24 do the best I can.

25 MS. CHONG: Use a lot of colorful words.

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 MR. LINDBACK: The reason that you have a Lieutenant
2 Governor office representative on this panel is that Lieutenant
3 Governor Ulmer chairs the Telecommunications Information
4 Council. And thanks to the foresight of Red Boucher, when he
5 was in the legislature a law was passed that created this
6 council. It is an intergovernmental agency consisting of
7 representatives, the commissioners or their designees of each
8 state department. And that includes the University of Alaska,
9 the Alaska Court System, the Legislative Affairs Agency and two
10 legislators, one from the house and one from the senate.

11 Both Lieutenant Governor Ulmer and the TIC, as we call
12 it, have a deep interest in advancement of the state's
13 telecommunications infrastructure and welcome the
14 Telecommunications Act of 1996. Because our state is facing
15 dwindling revenues, it is presumed that state government is
16 going to increasingly rely on telecommunications to deliver
17 services and information to the people of Alaska. And to that
18 end, the Knowles/Ulmer administration, through the TIC,
19 initiated in its first year of the administration three
20 projects. One was expansion of state information available on
21 the internet.

22 A year ago we unveiled State Home Pages, more and more
23 information is being added to the Home Pages every day. I
24 think if you compare the amount of state information available
25 on Alaska's Home Pages to other states, we would rank right up

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1007 WEST THIRD AVENUE
272-7515

1 there at the top.

2 MS. CHONG: About how many hits do you get a day?

3 MR. LINDBACK: More than 100,000.

4 MS. CHONG: Wow, terrific.

5 MR. LINDBACK: Yeah. Our second project was video
6 conferencing. We started out in a modest fashion installing
7 five units for use by state government, with the goal of
8 reducing travel cost and to increasing public access to state
9 government.

10 The third project was saving the state's television
11 network. The approved plan was using new digital compression
12 technology to continue rural television service. The Alaska
13 Legislature decided it did not have the money to continue to
14 subsidize the service to the level that it had been subsidized,
15 cut the budget drastically, handed us at the time what we
16 thought was a lemon and largely through the efforts of Mark
17 Badger, at the Division of Information Services he made
18 lemonade through the use of digital compression technology and
19 we were able to serve the only ubiquitous communication system
20 in the state, there's truly statewide. Which is very important
21 to state government because for emergency services, in
22 particular, that that communication service be maintained.

23 Currently, the current project for this year is to
24 develop for the first time a state telecommunications and
25 information technology plan. Several months ago, the

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 Lieutenant Governor appointed eight task forces consisting of
2 mostly state government personnel to provide input on what they
3 thought the elements of a plan should be. The TIC executive
4 committee is serving as the steering committee for this plan
5 and the draft of the plan is due for release on September 11th
6 when the Lieutenant Governor is scheduled to speak to the East
7 Anchorage Rotary. That will --- we will then embark on more
8 than a month of public comment, including extensive public
9 hearings around the state and hearings via the internet.

10 It is our hope that this plan will for the first time
11 provide a state government road map because we view ourselves
12 as the anchor tenant or an anchor tenant for the
13 telecommunications provider in the state. A state road map of
14 exactly what the state intends to do in regards to services and
15 the kinds of services that we want to use via
16 telecommunications. I must say that at this point our hopes
17 have been frustrated by telecommunication infrastructure that
18 is not adequate in order to deliver all of those services.

19 I think the comments, in particular, that struck home
20 with me earlier were the comments about long distance carriers
21 inability to furnish the broadband services to the rural areas
22 of the state.

23 3000

24 (Tape changed)

25 Tape 2

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 0050

2 We are finding that a barrier to delivering those kinds of
3 services and information that we would like to deliver to rural
4 Alaska.

5 Of all the states that you have visited, Commissioner,
6 Alaskans have the most to gain and the most to lose from the
7 universal service section of this Act. We don't have the high
8 band with backbone that you would find in other large and
9 seemingly rural states like, I guess Wyoming or Montana. Our
10 state is rural like no other state is rural and our
11 telecommunications infrastructure in some parts of the state is
12 perceived to be third world in nature, whether or not that is a
13 fact because of the gaps in the infrastructure.

14 Let me give you some statistics that illustrate our
15 ruralness. We have 326 year-round communities in Alaska, 232
16 of those communities are not accessible by highways. 232
17 communities in Alaska have a population of less than 500.
18 Another 50 communities have a population of 500 to 1,000. Only
19 40 communities have more than 1,000 people. When people talk
20 about we're developing into a society of have and have not's
21 with regards to telecommunications and access, we're already
22 there. We have a society of have and have not's.

23 If government doesn't follow through on the universal
24 service portions of this Act, the vast majority of Alaska
25 communities will be left in our third world and left out of

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 this information age. We have a lot of hope here with regards
2 to this. It's a means of touching the outside world, like no
3 other that we have seen.

4 As I mentioned earlier, the TIC is developing a
5 telecommunications plan for state government. We'll be
6 releasing the draft plan in September. A consistent theme
7 throughout the discussions of the planning process was the
8 third world infrastructure and the need for better broadband
9 services. I'd like to just give you a hint in closing of some
10 of the access language that is being battled about for this
11 plan.

12 In terms of a guiding principle, the state should adopt
13 a policy of communications development based on universal and
14 equitable access. And the state should encourage development
15 of the basic statewide telecommunications infrastructure in
16 Alaska. Key pieces of the infrastructure should focus on
17 special requirements and challenges of rural Alaska and the
18 potential use of state owned rights-of-way along Alaska's
19 intertied railroad and road system corridors.

20 And with that, I'll close and let you ask questions if
21 you have any.

22 MS. CHONG: First I want to congratulate you on having
23 this plan. I sure hope you'll send me one when it's available
24 in September.

25 MR. LINDBACK: We'll get it to you.

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 MS. CHONG: Thank you. You have a unique view and I'd
2 like to know, particularly, from a government point of view
3 what telecomm services you think are key to your efforts in
4 terms of basic infrastructure? You mentioned a lack of
5 broadband facilities, is there anything else particular that
6 you would seek for needs especially such as getting government
7 information to your citizens or educational or health care
8 issue?

9 MR. LINDBACK: Well, because I'm not a technician, I'll
10 talk in terms of the kinds of services that we think are going
11 to be necessary to deliver.

12 MS. CHONG: That's fine.

13 MR. LINDBACK: We think telemedicine is extremely
14 important, particularly, in rural Alaska where there is -- they
15 are very separated from medical services. It could be a huge
16 boom to health care. We think education services of all kinds,
17 the internet and the delivery of educational programming versus
18 -- via satellites is vital to a strong educational system in
19 rural Alaska.

20 We'd like to deliver everything that we could via
21 telecommunications and information. Internet access to rural
22 Alaska by the average rural citizen could be an enormous boom
23 for us.

24 MS. CHONG: I just wanted to make one last comment,
25 which is I know that historically sometimes state and federal

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1007 WEST THIRD AVENUE
272-7515

1 telecomm policy have somewhat been at odds with each other.
2 And I wanted to signal to everybody here today that it is the
3 Commission's intent that these lines begin to blur. Because
4 communications is critically important to our economy, to our
5 society as a way of getting information to people and to make
6 them better citizens and a stronger society. And so we would
7 like to have increased state and federal cooperation, I'll
8 smile right now at the APUC Commissioners, because I think we
9 need to work more closely and understand your issues better.
10 And also I think you need to -- looking at what the federal
11 government is doing and understanding our broader vision for
12 all of the state, the role that you may play in that vision
13 too.

14 Thank you very much. And I look forward to getting
15 that plan.

16 MR. LINDBACK: Okay, great.

17 MR. MAY: Thank you. I'd like to thank all of the
18 panels for their very informative presentations and also for
19 their flexibility in accommodating a tight schedule. Thank
20 Commissioner Chong and her staff for their attentiveness and
21 Chairman Cotten, I'll turn it over to you.

22 CHAIRMAN COTTEN: Well, thank you. Outstanding job on
23 your part, Mr. May. And our thanks to the panel members for
24 volunteering their time and we all certainly enjoyed and
25 benefitted from your perspectives this morning. We'll take

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1007 WEST THIRD AVENUE
272-7515

1 a.....

2 COMMISSIONER COOK: Mr. Chairman.

3 CHAIRMAN COTTEN: Excuse me, Mr. Cook.

4 COMMISSIONER COOK: I think that -- I don't know if my
5 fellow Commissioners have anything to say at this point but I
6 would like to reiterate some of the things that Mr. Lindback
7 said.

8 This, as I see it, is really an infrastructure issue.
9 Alaska is absolutely unique out of all of the 50 states. We
10 suffer from having probably the poorest infrastructure of any
11 state in the union. As Mr. Lindback pointed out, very few of
12 our community are on the road system. The vast majority of our
13 rural communities are served by air carrier, you can't get
14 there except by air, some possibly by boat and as someone
15 mentioned, by snow machine. Mr. Conn mentioned that some of
16 these villages are not going to go away, unfortunately if we
17 don't provide the infrastructure in terms of
18 telecommunications, I'm afraid these villages will go away.
19 They're going to be passed by, it is absolutely a question of
20 have and have not's. If we aren't able to provide the
21 telecommunications infrastructure to these villages, they will
22 be beyond third world.

23 CHAIRMAN COTTEN: Any remarks from the Commission?
24 Thank you. And we'll take a -- we're almost on schedule, but
25 we will take a 10 minute break and we'll come back in 10

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1007 WEST THIRD AVENUE
272-7515

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1 minutes for our second panel. We're in recess.

2 (Off record - 10:45 a.m.)

3 (On record - 11:00 a.m.)

4 CHAIRMAN COTTEN: Just a quick preliminary, the
5 moderator for the second panel on tele-education and
6 telemedicine is Susan Elliott, who is the information
7 technology librarian from the Alaska State Library. She will
8 introduce her panel and then if there's time -- if time permits
9 and I hope there will be, there are probably several people
10 that should have or could have been a part of this panel and at
11 least a couple of people I'm going to try to recognize from the
12 audience for a question or a brief comment after the panel
13 discussion is completed.

14 At this time I'll give the floor to Susan Elliott.

15 MS. ELLIOTT: Thank you very much, Chairman Cotten.
16 I'd like to welcome you to the tele-education and telemedicine
17 panel today. In the interest of time I'm not going to
18 introduce each of our panels until they speak. So I will do
19 that at the time that they are ready to speak. We also will
20 have a panelist presenting testimony or presenting his views
21 from Bethel, Alaska, so he will be doing that via
22 teleconference.

23 I also have the privilege of presenting an eight minute
24 section to you today. Commissioner Chong, we're very pleased
25 to have you here in Alaska and I wanted to show you that we do

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1007 WEST THIRD AVENUE
272-7515

1 have different problems than other places in the states, this
2 is an accurate depiction of the area of Alaska.

3 I came to you to speak to you today about SLED, the
4 Statewide Library Electronic Doorway, which is our public
5 access project here. It is a worldwide web server and it is a
6 free onramp for Alaskans, we started it two years ago. We
7 designed it to be very simple, easy, organized information
8 access for all Alaskans, it's about public access. Our Home
9 Page is very simple, it's organized like a library and I want to
10 tell you that one important point for us is the partnership
11 that made this project. It's the Alaska State Library and
12 Rasmussen Library up at the University of Alaska Fairbanks.
13 This is one area where we're, very frankly, very concerned
14 about the Telecommunication Act and how it's implemented
15 because we would not have been able to do this public access
16 project without UAF. As a university library they will not be
17 eligible for discounted rates under the Act. We need to be
18 able to apply discounted rates to these kinds of public access
19 projects even if we have partners who can't get discounts.

20 We also are worried somewhat about the reselling
21 provisions in the Act for this same reason. Why did we do the
22 SLED project. Our first goal was universal service. Our
23 mission statement talks about equitable access for all
24 Alaskans. We got into this because it's a very logical
25 extension of library service. We provide public access to

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810 N STREET
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1007 WEST THIRD AVENUE
272-7515

1 information no matter what its form. Increasingly, it is
2 available on line and we need to provide access to that. We
3 see ourselves as vehicles for providing universal service. We
4 don't see ourselves as beneficiaries of it as libraries.

5 SLED was funded with federal technology money from
6 library grants. It is now in the operating budget of the state
7 of Alaska. It is, as the gentleman, talked about, one of those
8 projects and we are hoping to make it much more of an ongoing
9 commitment of state government. Our budget is only 300,000 to
10 400,000 a year, but the bulk of that is spent to provide
11 telecommunications.

12 Who uses SLED? Certainly the libraries across Alaska
13 use it. Alaska citizens can dial-up from their homes, from
14 their offices, from their schools and they do. And various
15 people come to us all over the worldwide internet. We've had a
16 fairly phenomenal growth rate in our two years. You can see
17 the plateau on the left-hand side when we became a worldwide
18 web server about halfway through, that's also our summer
19 plateau when people in Alaska are out doing other things. We
20 watch those telenet stats very carefully because that's the
21 access that we pay for. If you come to us via the internet
22 through your own service provider or your own company or your
23 own government, we don't pay for that access. We now have
24 about 200,000 hits per month on our web site and that's with a
25 population of about 600,000 people in the state.

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1 The library use of SLED, there are 85 public libraries
2 spread across Alaska. There are only 42 communities that have
3 local dial-up access. We pay AT&T Alascom for all the access
4 to SLED in those communities and the map you have in front of
5 you behind Joanne Burna (ph) shows the various places where
6 Alaska net has no's and you can see there are vast areas of the
7 state that have no access. So far in the survey we did last
8 year, 32 libraries made SLED available. We're sure when we get
9 the figures next month that libraries in those 42 communities
10 will make it available.

11 We have some success stories from SLED. We did a small
12 zip code survey on line, we have no other way to gather data.
13 And users from 110 Alaskan communities last November reported
14 that they use SLED, that means some of them are dialing-up long
15 distance to do so. People across the state are familiar with
16 SLED and use its services. SLED has certainly stimulated
17 demand for commercial internet services in the state. And we
18 believe that SLED has changed some lives.

19 We have something on SLED that used to be called Right
20 to SLED, it's now the comments button, so people tell us how
21 they use it. We have lots of people who have told us they use
22 it for medical information. We have lots of people in remote
23 areas who tell us that it's their only way to get access. They
24 also complain about their bad phone lines. I'd like to read
25 just a couple of longer quotes from Right to SLED that won't

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1 fit on a slide.

2 Here's one from a student in Elfen Cove school down in
3 a very small place in Southeast Alaska. I am a student in a
4 remote small school. Now, that I have found SLED I am very
5 excited. I can look up materials for special projects directly
6 instead of waiting for the weather to clear and mail to come
7 out and come back -- for my book order to go out and then come
8 back. Please keep this service so I can continue to get a good
9 education even in the bush.

10 Here's another one. I just wanted to thank the library
11 system for helping Alaskans to remain part of the
12 technologically literate. This has been my first introduction
13 to the internet and I now intend to join with one of the local
14 providers for access.

15 Here's one from Dillingham over in the western part of
16 the state. Please, please don't go away. SLED has always had
17 better and more consistent access to the other side of the
18 universe than any other system we here in Dillingham can access
19 without paying outrageous toll fees. I have lived here in
20 Dillingham for 12 years now. Certainly long enough to begin an
21 acquaintanceship with the problems of rural life in Alaska.
22 One of the greatest problems we face is isolation. Our
23 children must know that there is a world out there. Just
24 yesterday I returned a call to the hospital lab manager in
25 Dillingham, he had written to SLED and said, please, can we

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1 have a chat area on SLED where medical personnel around the
2 state can talk and have their problems solved and share ideas.
3 And unfortunately I had to tell him that we also had had that
4 idea, that chat areas would be very good for rural Alaska, we
5 cannot afford the telecommunication cost for those.

6 There certainly is room for improvement on SLED. We
7 have a 30 minute time limit which is our way of keeping
8 telecomm bills down. But it's extremely unpopular with our
9 users. And you can imagine what trying to download in 30
10 minutes with 9,600 watt phone lines will do. We would very
11 much like to offer graphical access to users who come in in
12 rural Alaska, but with Alaska that's 9,600 watt access in many
13 places and sometimes it degrades from that. It's just not
14 realistic.

15 Like most of you in this audience, we know that text
16 only access is no longer effective public access. We need high
17 speed broadband access across Alaska and we need it for public
18 service as well.

19 Our challenges, as always, are funding. Our
20 telecommunication costs are 70 percent of our budget. That
21 means that we, as content providers, cannot do our job. We pay
22 by the hour for access to SLED for everyone who dials in in
23 those 42 communities. So success kills us, we can't advertise
24 SLED because we're too afraid, I mean we're going to run out of
25 our budget in the middle of the year.

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1 As far as the future, libraries certainly have a
2 tradition of public access, we're not going to back away from
3 that. We don't want a free ride. We are willing to pay for
4 access, but it must be affordable. Because our budgets are
5 sometimes set a year or two in advance, we really need
6 predictable flat rate pricing for a universal service. And in
7 Alaska, clearly, we're going to need some universal service
8 help in rural areas. In those areas, often, an entire library
9 will be 10,000 a year or maybe 15,000 a year. They can't
10 possibly pay high speed costs at today's rates.

11 And here is our URL if you'd like to take a look at
12 SLED. Thank you, Commissioner.

13 MS. CHONG: Make sure you leave that one up. You
14 talked a little bit about affordability. How would you suggest
15 that the Commission set affordability? It's been suggested in
16 the record, for example, that we look at poverty indexes and we
17 look at consumer price indexes, do you have any particular
18 suggestions on what you think affordability might mean for
19 Alaskan users?

20 MS. ELLIOTT: Well, the American Library Association
21 has also recommended that the telerick (ph) pricing structure.
22 We have not looked at that yet in Alaska to see if that's going
23 to make sense for us. We don't have enough data yet. We just
24 are starting to do some projects. We have an NTA grant in
25 Southeast Alaska where people in the community will share a 56K

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